



## First-Time Homebuyer Credit

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### Overview

First-time homebuyers may be able to take advantage of a tax credit for homes purchased in 2008 or 2009. The credit:

- Applies to purchases that close after April 8, 2008, and before Dec. 1, 2009.
- Applies only to homes used as a taxpayer's principal residence.
- Reduces a taxpayer's tax bill or increases his or her refund, dollar for dollar.
- Is fully refundable, meaning the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed.

The credit is claimed using [Form 5405](#).

### For 2008 Home Purchases

The Housing and Economic Recovery Act of 2008 established a tax credit for first-time homebuyers that can be worth up to \$7,500. For homes purchased in 2008, the credit is similar to a no-interest loan and must be repaid in 15 equal, annual installments beginning with the 2010 income tax year.

### For 2009 Home Purchases

The American Recovery and Reinvestment Act of 2009 expanded the first-time homebuyer credit by [increasing the credit amount to \\$8,000](#) for purchases made in 2009 before Dec. 1.

For home purchased in 2009, the credit does not have to be paid back unless the home ceases to be the taxpayer's main residence within a three-year period following the purchase.

First-time homebuyers who purchase a home in 2009 can claim the credit on either a 2008 tax return, due April 15, 2009, or a 2009 tax return, due April 15, 2010. The credit may not be claimed before the closing date. But, if the closing occurs after April 15, 2009, a taxpayer can still claim it on a 2008 tax return by requesting an extension of time to file or by filing an amended return. [News release 2009-27](#) has more information on these options.

### Questions and Answers

More information is available in the [question and answer](#) section.

Return to [Tax Provisions in the American Recovery and Reinvestment Act of 2009](#).

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